

EXHIBIT D

Graves Depo Excerpt Pg 2 of 10

Page 3

1 IN THE CIRCUIT COURT OF HINDS COUNTY, MISSISSIPPI
2 SECOND JUDICIAL DISTRICT

3 SOUTHTRUST BANK, a corporation
4 Plaintiff,

5 VERSUS CIVIL ACTION NO. CV03-14

6 LEXTRON CORPORATION, et al.,
7 Defendants.

8 VOLUME I

9 VIDEOTAPED DEPOSITION OF LARRY W. GRAVES

10 Taken at the offices of Brunini, Grantham,
11 Growers & Hewes, PLLC, located at 1400
12 Trustmark Building, 248 East Capital Street,
13 Jackson, Mississippi, on Wednesday,
14 September 24, 2003, beginning at 9:00 a.m.

15 REPORTED BY:

16 LAURA CROSS
17 State-Wide Reporters
18 4400 Old Canton Road
19 Suite 201 (39211)
20 Post Office Box 14113
21 Jackson, Mississippi 39236
22 Telephone: (601) 366-9676
23 Fax: (601) 366-9756

24 Coast Address:

25 764 Water Street (39530)
Post Office Box 389
Biloxi, Mississippi 39533
Telephone: (228) 432-0770
Fax: (228) 432-0690
msreporters@aol.com

1 APPEARANCES: (Continued)

2 HAL DOCKINS, ESQUIRE
3 ELLIE TURNAGE, ESQUIRE
4 EARLE BANKS, ESQUIRE
5 GAYLA CARPENTER, ESQUIRE
6 Dockins, Turnage & Banks
7 840 East River Place
8 Suite 500

9 Jackson, Mississippi 39202

10 Telephone: (601) 969-2221

11 Fax: (601) 969-2741

12 ATTORNEY FOR CHARLES DOTY AND LEXTRON
13 COMPANIES

14 JENNY VIRDEN, ESQUIRE

15 Chapman, Lewis & Swan

16 961 Madison Avenue, Suite 1A

17 Madison, Mississippi 39110

18 Telephone: (601) 605-9081

19 Fax: (601) 605-9765

20 ATTORNEY FOR CROSS PLAINTIFF, LEXTRON
21 AND CHARLES DOTY

22 LEGAL VIDEO TECHNICIAN:

23 TONY SCOTT

24 ALSO PRESENT:

25 CHARLES DOTY

Page 2

Page 4

1 APPEARANCES:

2 BROOKS EASON, ESQUIRE
3 Brunini, Grantham, Grower & Hewes
4 1400 Trustmark Building
5 248 East Capitol Street
6 Jackson, Mississippi 39201
7 Telephone: (601) 948-3101
8 Fax: (601) 960-6902
9 ATTORNEY FOR DELPHI

10 JOSEPH E. PAPELIAN, ESQUIRE
11 5725 Delphi Drive
12 Troy, Michigan 48098-2815
13 Telephone: (248) 813-2535
14 Fax: (248) 813-3251

15 ATTORNEY FOR DELPHI

16 RICHARD FREESE, ESQUIRE

17 DENNIS SWEET, ESQUIRE

18 Langston, Sweet & Freese, P.A.

19 2900 Highway 280, Suite 240

20 Morgan Keegan Center

21 Birmingham, Alabama 35223

22 Telephone: (205) 871-4144

23 Fax: (205) 871-4104

24 ATTORNEY FOR SOUTHTRUST BANK
25 AND ANDY RAINE

CHRIS CARSON, ESQUIRE

CHRISTINA A. GRAHAM, ESQUIRE

Burr & Forman, LLP

3100 Southtrust Tower

420 North 20th Street

Birmingham, Alabama 35203

Telephone: (205) 458-5426

Fax: (205) 458-5100

ATTORNEY FOR SOUTHTRUST BANK
AND ANDY RAINE

1 T-A-B-L-E O-F C-O-N-T-E-N-T-S

2 Examination By: Page

3 Mr. Freese 7

4 Ms. Virden 228

5 Stipulation 6

6 Exhibits:

7 Exhibit 1, E-mail cc'd to
8 Larry Graves from Greg
9 Naylor dated 9/19/02,
10 and e-mail to Gabriel
11 Lausas; Martha Everett and
12 Greg Naylor from Christine
13 Justice dated 9/23/02 84

14 Exhibit 2, E-mail to Martha
15 Everett from Greg Naylor
16 and cc'd to Larry Graves
17 dated 1/8/03, rough draft
18 Letter to Andy Raine from
19 Greg Naylor 107

20 Exhibit 3, Memo to Larry
21 Graves from Martha Everett
22 concerning letter to Andy
23 Raine from Greg Naylor 134

24 Exhibit 4, E-mail from Larry
25 Graves to Andy Raine dated
9/9/03 155

Exhibit 5, Ethical principles
of Delphi written by
Mr. Battenberg 183

Exhibit 6, E-mail to
Mr. Wheelock from Greg
Naylor dated 12/6/02, memo to
Christine Justice, Greg
Naylor dated 12/5/02, memo
to Christine Justice from
Marty Weigel dated 12/5/02 194

1 (Pages 1 to 4)

STATE-WIDE REPORTERS (228) 432-0770

1 number.

2 Q. How many people do you think -- Give me
3 your best judgement. I understand you may not can
4 give the exact number. How many people in your
5 best judgement were on this conference call on
6 January 7th?

7 A. Best judgement, about six or seven.

8 Q. And involving how many different
9 departments or divisions or whatever you want to
10 call it?

11 A. Purchasing, production control and
12 logistics. That might have been it probably on
13 January 7th.

14 Q. All right. And was Mr. Johnson on this
15 phone call?

16 A. No.

17 Q. But you talked to him that day?

18 A. I don't know specifically that I talked
19 to him on that day.

20 Q. I asked you who was the most senior
21 person involved on January 7th, and you told me
22 Sid Johnson was; is that correct?

23 A. Yes.

24 Q. How did Mr. Johnson get involved in
25 this issue if he was not on that conference call?

1 Q. And are you giving marching orders to
2 everybody, or is somebody just telling you, Larry,
3 this is that we're planning on doing? Who's
4 directing this meeting?

5 A. It would have been -- It would have
6 been called by production control and logistics.

7 Q. Okay.

8 A. And during the call we would have asked
9 questions.

10 Q. And I apologize. My notes don't
11 reflect that I got an answer. Is there some
12 record that will show me the duration and the time
13 of this conference call?

14 A. Not that I'm aware of.

15 Q. Is it your best guess this is an
16 internal communication telephone system as opposed
17 to using an outside long distance carrier?

18 A. Don't know for sure. I would have
19 guessed that there would have been a telephone
20 conference.

21 Q. All right. An outside carrier?

22 A. An 888 number.

23 Q. In other words, someone is --

24 A. Possibly.

25 Q. -- billing Delphi for this time?

1 A. He's located in Warren, Ohio.

2 Q. Okay.

3 A. And people that would have been on the
4 call are located in Warren, Ohio.

5 Q. Well, remember I want to stick with
6 facts. Okay?

7 A. Sure.

8 Q. Do you know or do you not know how
9 Mr. Johnson was informed of this serious supplier
10 issue?

11 A. Specifically, no on January 7th.

12 Q. But you were certain that somehow it
13 was communicated to him?

14 A. I don't know for sure.

15 Q. So when you told me that earlier,
16 you're not sure. You were speculating that
17 Mr. Johnson was involved?

18 A. Yes.

19 Q. The most senior person that you know
20 was involved was you?

21 MR. EASON:

22 On the 7th?

23 Mr FREESE:

24 Q. On the 7th.

25 A. On the 7th. As far as I know.

1 A. If that telephone conference would have
2 been used. Yes.

3 Q. There will be a record of that?

4 A. If there was. Yes.

5 Q. Let's assume for a second -- I'm not
6 saying it was -- who is custodian of that record?
7 How can I find that record?

8 A. Possibly, through the finance group.

9 Q. All right. Where are they located?

10 A. Warren, Ohio.

11 Q. And if someone asked your lawyers for
12 it, what document do I need to ask your lawyers to
13 give me that will give me that information? Just
14 your long distance bills? Is that good enough?

15 A. If it's on there, yes.

16 Q. And this involved Juarez, Mexico, and
17 Warren, Ohio, correct?

18 A. Yes.

19 Q. Anyone else? Any other city involved?

20 A. Not that I'm aware of on the 7th.

21 There may have been more than one call during the
22 day. But the initial one would have been on the
23 7th.

24 Q. Do you recall or do you not recall more
25 than one conference call that day?

Graves Depo Excerpt Pg 4 of 10

Page 71

1 A. I don't recall more than one.
 2 Q. All right. Do you keep a Daytimer?
 3 A. No.
 4 Q. So you don't keep track of what
 5 meetings or telephone conferences you have?
 6 A. No.
 7 Q. You have no personal notes of anything?
 8 A. No.
 9 Q. All right. Do you know whether or not
 10 anyone on that conference call kept notes of that
 11 teleconference?
 12 A. No, I don't.
 13 Q. All right. And there were in your
 14 judgement six people there. And sitting here
 15 today -- And I understand we've got a lot of
 16 paperwork -- But sitting here today, you are not
 17 aware of a single scrap of paper that the
 18 potentially seven people on this conference call
 19 wrote or made to record the content of this
 20 conference call?
 21 A. I'm not aware of it.
 22 Q. Now, you said one other thing you did
 23 or would have likely done, is start a contingency
 24 plan that day.
 25 A. Yes.

1 depending on the information you find out. And
 2 if -- if you own the tooling, you would need to
 3 know that.
 4 Q. Why?
 5 A. If you would have to create new
 6 tooling, then it would require more certification
 7 versus if you were -- you had the tooling, then
 8 you wouldn't have to certify.
 9 Q. Well, in other words, let's get
 10 specific.
 11 A. Uh-huh.
 12 Q. If Delphi owned the tooling, you
 13 couldn't go on that supplier's premises and take
 14 it, correct?
 15 A. I don't believe so.
 16 Q. But if Delphi owned the tooling and
 17 they were not supplying your suppliers, then in
 18 that case you would want to know if you owned it
 19 so you could go and get it and take it off the
 20 premises, correct?
 21 MR. EASON:
 22 Let me object to the form. You
 23 mentioned Delphi in both of those questions.
 24 MR. FREESE:
 25 I'm sorry. Let me reask the question.

Page 70

1 Q. What does that mean?
 2 A. A contingency plan would be involved.
 3 The number of part numbers that we're dealing with
 4 the company. What the volumes would be in terms
 5 of daily deliveries or weekly deliveries? Who
 6 owns the tooling if there's tooling involved? How
 7 much inventory do we have? Those would be typical
 8 questions.
 9 Q. All right. Now, why would you want to
 10 know who owns the tooling?
 11 A. In a contingency plan, you would need
 12 to know who owns the tooling that if a supplier is
 13 unable to deliver, is there any other tooling
 14 available. Is it something that our own company
 15 or another company could make the product.
 16 Q. All right. I understand that, and I
 17 may have asked a poor question and I apologize.
 18 A. Uh-huh.
 19 Q. I know you may want to know where your
 20 capacity is to make a product, correct?
 21 A. Yes.
 22 Q. What difference would it make on
 23 January 7th who owned Lextron's tooling?
 24 A. In a contingency plan, you would put
 25 together short-term, long-term contingencies

Page 72

1 Q. If Lextron owned the equipment, you
 2 would want to know that because you can't go and
 3 take it if Lextron owns it.
 4 A. We would just need to know in terms of
 5 P-PAP, which is part approval process. You would
 6 need to know the whole value stream.
 7 Q. I understand. There may be a lot of
 8 reasons. But one of the reasons why you want to
 9 know who owns the tooling is to know whether or
 10 not Delphi has a right to go and get the tooling
 11 and use it yourself if a supplier is not doing
 12 their job.
 13 A. That would be one reason.
 14 Q. Yeah. Because you don't want to go out
 15 and buy or make new toolings if you already own
 16 some at one of your supplier's location.
 17 A. You may -- In a contingency plan
 18 depending on the timing, you may need to create
 19 duplicate tooling.
 20 Q. I understand. But what I'm asking you
 21 is: One of the reasons you want to know if you
 22 own the tooling is if you want to go get it and
 23 use it yourself.
 24 A. That would be one reason.
 25 Q. All right. And you know in fact, do

18 (Pages 69 to 72)

1 you not, sir, that Delphi did come and take
 2 tooling materials from Lextron's operation?
 3 A. It's my understanding, yes.
 4 Q. And you did it after you terminated
 5 them as a supplier, correct?
 6 A. After we -- I think after we notified
 7 them. Yes.
 8 Q. After you notified them that they were
 9 terminated, you came and got stuff that you
 10 believed was yours?
 11 A. Yes.
 12 Q. All right. How often does Delphi go
 13 and obtain or retake or repossess equipment that
 14 it owns from a supplier and is still using that
 15 supplier?
 16 A. Still using that supplier?
 17 Q. Yes.
 18 A. Not very often.
 19 Q. The usual situation -- If you're going
 20 to get the equipment, it's because they're no
 21 longer a supplier. You own it, and you want it
 22 back?
 23 A. There would be cases that we may move
 24 business from another supplier to another on a
 25 particular part because they either have had

1 A. We want to know how close we are in
 2 terms of meeting our requirement deliveries to a
 3 customer.
 4 Q. And that's something that you would
 5 normally do when you establish a contingency plan,
 6 correct?
 7 A. Yes.
 8 Q. And to the best of your recollection,
 9 you would have done that on January 7th, correct?
 10 A. Probably, would have started that, yes.
 11 Q. All right. And I gather that it's just
 12 common sense the more inventory you've got, the
 13 more likelihood that you're not going to default
 14 on or miss a deadline to your customer, correct?
 15 A. More than likely, yes.
 16 Q. So more inventory is good, less
 17 inventory, bad?
 18 A. In terms of delivery problems with a
 19 supplier?
 20 Q. Yes.
 21 A. Yes.
 22 Q. And that's another thing you probably
 23 tried to identify on January 7th, 2003, correct?
 24 A. The company, yes, would have determined
 25 that, yes.

1 quality problems or they're not competitive.
 2 Q. In this case, though, Lextron was
 3 terminated. You went and got the tooling that you
 4 believe you owned?
 5 A. Yes.
 6 Q. And in order to know whether or not you
 7 had the right to go get it, you had to determine
 8 whether or not you owned it.
 9 A. Yes.
 10 Q. And on January 7th that was one of the
 11 instructions you gave to the division. Go figure
 12 out who owns all that stuff down at Doty's plant
 13 there in Mississippi.
 14 A. We would -- I said in a contingency
 15 plan we would ask a number of questions. I don't
 16 know if on January 7th we would have asked that
 17 particular question.
 18 Q. But you said that was a normal thing
 19 that you would normally do in a contingency plan.
 20 A. That would be one thing.
 21 Q. All right. And you also said one of
 22 the things you'd want to find out is how much
 23 product you had in inventory, correct?
 24 A. Yes.
 25 Q. Why would you want to know that?

1 Q. Let me back up.
 2 A. Uh-huh.
 3 Q. Do you give these contingency plans a
 4 name?
 5 A. No.
 6 Q. Do your contingency plans have team
 7 members?
 8 A. Generally, it would include production
 9 control and logistics and purchasing initially.
 10 If we had to, we may need to get our sales team to
 11 let them know of a potential problem. Possibly,
 12 our operations would need to get involved. Maybe
 13 engineering. And possibly, even finance.
 14 Q. Did your company establish a Lextron
 15 contingency plan team?
 16 A. On January 7th?
 17 Q. I'm not asking you a date right now.
 18 Did Delphi establish a Lextron contingency plan
 19 team?
 20 A. Yes.
 21 Q. All right. When was it done?
 22 A. As I said, we would have started the
 23 initial questions on the 7th. I believe there was
 24 a formal team that would have met daily late in
 25 January.

1 Q. All right. You said informal team.
 2 Well, was the informal Lextron team meeting before
 3 late in January?
 4 MR. EASON:
 5 Object to the form.
 6 MR. FREESE:
 7 You may answer.
 8 MR. EASON:
 9 You assume that there was in informal
 10 team.
 11 MR. FREESE:
 12 Well, he used the word formal so I'm
 13 assuming that if there was a formal team, there
 14 had to be an informal team beforehand.
 15 THE WITNESS:
 16 A. There were calls subsequent to January
 17 7th that would discuss the topic of the Lextron
 18 situation.
 19 Q. Well, that's what I'm getting at, sir.
 20 Whether or not it was a formal team or -- Starting
 21 January 7th the message was out to all the
 22 important people that had to be involved in the
 23 loop to start gathering this information to assess
 24 the Lextron situation.
 25 A. Yes.

1 your employees that you are now on a team whose
 2 mission is to gather data solely about Lextron?
 3 A. It would be determined which functions
 4 were needed to be on the team, and then somebody
 5 from that function would be the focal point for
 6 that.
 7 Q. I -- Go ahead. I'm sorry. I didn't
 8 mean to interrupt you.
 9 A. That's it.
 10 Q. How is that communicated to that
 11 person?
 12 A. One-on-one contact or a phone call.
 13 Q. No e-mails, no written -- guys, the
 14 team is gathering, and you've been invited to
 15 join?
 16 A. Might be. It's possible it could be
 17 that way.
 18 Q. Have you ever seen a document anywhere
 19 that identified who was needed for this team and
 20 that they were being inducted into it?
 21 A. I don't recall a specific document.
 22 Q. What happened between --
 23 THE WITNESS:
 24 Do you mind if we take a break? I need
 25 to use the men's room if your don't mind.

1 Q. And that group of people ultimately
 2 became as you described it a formal team, correct?
 3 A. Yes.
 4 Q. But for all intents and purposes, they
 5 had their marching orders on January 7th?
 6 A. There were people in various functions
 7 that were to go out and find information.
 8 Q. As part of this what ultimately became
 9 the Lextron team.
 10 A. That eventually evolved into a -- yes.
 11 Q. Now, how does one get invited to join
 12 the team?
 13 A. Which team?
 14 Q. The Lextron team.
 15 A. Like which team are you talking about?
 16 Q. The Lextron team.
 17 A. The one that was the formal team that
 18 was meeting on contingency?
 19 Q. Yes.
 20 A. It would depend on the functions that
 21 were needed to be a part of that group.
 22 Q. I understand you involved the people.
 23 How did they get communicated to them --
 24 Mr. Naylor, it's your lucky day. You're on the
 25 Lextron team. How does that get communicated to

1 (Off the record.)
 2 (A recess was taken.)
 3 Mr. FREESE:
 4 Q. Mr. Graves, before the break you told
 5 me that you recall one telephone conversation with
 6 Mr. Doty; is that correct?
 7 A. Yes.
 8 Q. And when did that telephone
 9 conversation occur?
 10 A. Sometime around the 7th or 8th of
 11 January.
 12 Q. And what did you tell Mr. Doty at that
 13 time?
 14 A. I wanted to get his concurrence that he
 15 was putting his efforts into making sure that
 16 people were working as necessary to maintain
 17 deliveries to us.
 18 Q. All right. And what did he tell you?
 19 A. He said that he was going to apply
 20 resources that he needed to try and get back on
 21 schedule with us.
 22 Q. Did you believe him?
 23 A. Yes.
 24 Q. And did he get back on schedule?
 25 A. We still had delivery problems with

1 "that they are at risk based upon our verbal
2 direction to encourage them to ship"?
3 A. That's the first I've seen that.
4 Q. All right. And is that consistent with
5 the way your company does business?
6 MR. EASON:
7 Object to the form. Is what
8 consistent?
9 MR. FREESE:
10 Q. Driving somebody into bankruptcy?
11 A. Delphi driving somebody into
12 bankruptcy?
13 Q. Yes. Is Delphi driving somebody into
14 bankruptcy consistent with the way y'all do
15 business?
16 A. No.
17 Q. You see here Mr. Wheelock is telling
18 Mr. Naylor that if we keep insisting that Weigel
19 ship product, we're going to drive him into
20 bankruptcy. You see him telling Mr. Naylor that,
21 do you not?
22 A. I see what's written here.
23 Q. And I just described, have I not, what
24 is written there?
25 A. I don't know the specifics specifically

1 Q. I'm not asking you that, sir. I'm
2 asking what was being said in that e-mail.
3 A. It was just saying that there must be a
4 problem with Weigel. They must not be getting
5 paid.
6 Q. Sir, that's not my question. Do you or
7 do you not agree with me that Mr. Wheelock for
8 whatever reason -- I'm not saying he's right or
9 wrong -- But Mr. Wheelock is telling Mr. Naylor
10 that our insistence on Weigel continuing to
11 deliver product is going to drive them to
12 bankruptcy, and we cannot afford to do that. Is
13 that not what Mr. Wheelock is telling Mr. Naylor?
14 MR. EASON:
15 Excuse me. Object to the
16 mischaracterization of the document.
17 MR. FREESE:
18 Q. You may answer.
19 A. I don't know if that's what he's
20 specifically saying on that and that's what he
21 means.
22 Q. Well, you can read. He says we cannot
23 afford to drive Weigel into bankruptcy. He says
24 that.
25 A. Uh-huh.

1 behind this.
2 Q. I'm not asking you that, sir. I want
3 you to simply answer my question. Is Mr. Wheelock
4 telling your subordinate, Mr. Naylor, that if we
5 keep insisting that Weigel deliver product, we're
6 going to drive them into bankruptcy?
7 A. "We can not afford to drive Weigel into
8 bankruptcy and they are at risk based on our
9 verbal direction to them encouraging them to
10 ship." I specifically don't know what he's
11 meaning on this.
12 MR. EASON:
13 Well, let me object to the question to
14 the extent you are mischaracterizing the document.
15 The document speaks for itself, and it doesn't say
16 what you've said.
17 MR. FREESE:
18 I object to you're saying I'm
19 mischaracterizing anything.
20 Q. Does the document not say, Mr. Graves,
21 that if we keep insisting on Weigel shipping
22 without getting paid, we are going to drive them
23 into bankruptcy and we cannot afford to do this?
24 A. All right. I don't know even the
25 specifics even before that.

1 Q. Yes?
2 A. Yes.
3 Q. And you understand "we" as referring to
4 Delphi, correct?
5 A. That's the assumption there.
6 Q. And "they" -- That's Weigel -- are at
7 risk based on our -- Delphi -- verbal direction to
8 them encouraging them to ship.
9 A. That's what that says.
10 Q. So any common usage of the English
11 language tells us that if Delphi continues to
12 insist on Weigel shipping to Lextron, it's going
13 to drive them into bankruptcy.
14 MR. EASON:
15 I object to the mischaracterization of
16 the document. The document says they are at risk.
17 MR. FREESE:
18 Q. You can answer the question.
19 A. An honest concern.
20 Q. Now, sir, when is the first time that
21 you ever spoke with anyone at Southtrust Bank if
22 ever?
23 A. It would have been on January 9th.
24 Q. And what happened on January 9th?
25 A. In speaking with somebody at

1 Southtrust?
2 Q. Yes, sir.
3 A. Confirmation with Andy Raine that he
4 received an e-mail.
5 Q. Did you call him?
6 A. Yes.
7 Q. And how did you come to know Mr. Raine?
8 A. I was requested by Sid Johnson that a
9 letter needed to be sent to Andy Raine at
10 Southtrust on the 9th, and that Martha Everett was
11 going to provide me with that letter, and it just
12 needed to go out under my signature.
13 Q. Why was that?
14 A. Why was what?
15 Q. Why did the letter need to go out under
16 your signature?
17 A. Sid felt that it needed to be by a
18 director. And he was actually traveling at the
19 time and couldn't do it himself, and so he
20 directed me to do that.
21 Q. Are you a director?
22 A. Yes, I am.
23 Q. Now, the job of director, that's not
24 like a director on the board of directors; it's a
25 title for the --

1 A. And I believe that they were looking to
2 see if they were going to put more money into the
3 operation.
4 Q. Now who told you that?
5 A. It would have been Sid or Greg or
6 Martha, one of the three. I'm not really sure.
7 Q. All right. And did you know that
8 before the letter was sent?
9 A. Yes.
10 Q. And one of those three told you that
11 Southtrust was looking to see if they were going
12 to put more money into Lextron's operation?
13 A. Yes.
14 Q. Anything else?
15 A. And that they had instructed another
16 company, I think, by the name of Alvarez and
17 something or other to take a look at the financial
18 situation of Lextron.
19 Q. How did you find that out?
20 A. Again, either through Greg or Martha.
21 Q. Was this in writing, or was it verbal?
22 A. I believe it was verbal.
23 Q. Did you have any knowledge what the
24 status of the loans from Southtrust Bank to
25 Lextron were?

1 A. Just a title.
2 Q. And Mr. Johnson is one also?
3 A. Correct.
4 Q. Did you know who Southtrust was or what
5 Southtrust was or what they had to do with this
6 whole Lextron situation?
7 A. I had known that they were a bank that
8 had provided financial funding to Lextron.
9 Q. Did you know anything more than they
10 were a bank and they provided financing to
11 Lextron?
12 A. At that time that was about it.
13 Q. All right. So on January 9th when you
14 sent an e-mail to Mr. Raine -- and this is
15 important, sir --
16 A. Uh-huh.
17 Q. -- so I want to make sure I get this
18 straight. On January 9th, 2003, when you sent
19 this e-mail to Mr. Raine, the sum and substance of
20 the entire facts you knew about Southtrust is that
21 it was a bank and that it loaned money to Lextron?
22 A. Uh-huh.
23 Q. Is that correct?
24 A. Yeah.
25 Q. You knew nothing more about --

1 A. On the 9th?
2 Q. Yes.
3 A. Not specifically, no.
4 Q. Were you aware that Delphi was
5 encouraging Southtrust Bank to forebear taking any
6 action on the note it had with Lextron?
7 A. No.
8 Q. You didn't know that?
9 A. No.
10 Q. Were you aware that Delphi was
11 encouraging Southtrust to loan new money to
12 Lextron?
13 A. I knew Delphi was encouraging
14 Southtrust to remain with Lextron as Delphi was.
15 Q. All right. I'm going to get to that.
16 A. Okay.
17 Q. But specifically, did you realize on
18 January 9th and before that Delphi was encouraging
19 SouthTrust Bank to loan more money to Lextron?
20 A. I knew that they were looking to loan
21 more money and that SouthTrust was looking for a
22 letter from Delphi.
23 Q. All right. You're not answering my
24 question.
25 A. I'm sorry.

1 Q. I apologize for not asking it well.
2 Were you aware that on January 9th and before
3 Delphi was actively encouraging SouthTrust to go
4 and give more money to Lextron?

5 A. Not before the 9th I was not aware of
6 anything.

7 Q. All right. When you saw the letter
8 that was crafted for you, you realized it then did
9 you not?

10 A. Yes. Yes.

11 Q. Specifically, Delphi was asking
12 SouthTrust to give \$800,000 in new money to
13 Lextron; am I correct?

14 A. I think that's the amount that they
15 were looking to.

16 Q. When you --

17 You want to change your tape. Let's go
18 off the record.

19 (Off the record.)

20 MR. FREESE:

21 Q. Mr. Graves, before the break we were
22 talking about your phone call to Mr. Raine --

23 A. Yes.

24 Q. -- where you confirmed that he received
25 your e-mail; is that correct?

1 Q. And what was Mr. Raine's response to
2 that?

3 A. He didn't seem to say one way or
4 another.

5 Q. But this \$120,000 was you were telling
6 Mr. Raine that there is \$120,000 issue out there
7 on obsolete inventory. Lextron may be entitled to
8 all of it, some of it, or none of it.

9 A. We hadn't made that determination, yes.

10 Q. And did y'all discuss anything else?

11 A. Other than -- Another issue that I
12 understand that was a concern was how Delphi does
13 the contras which is like the end of the month,
14 the balancing of what they owe us and we owe them.
15 And that, you know, we were, you know, going to
16 continue the way that we did, but as in the letter
17 says that Lextron, you know, has the right to look
18 at the data before the end of the month, the
19 contra transaction.

20 Q. That was discussed in this phone
21 conversation?

22 A. In small part, yes.

23 Q. And I'm sorry, what specifically was
24 said about the -- did you have to explain to
25 Mr. Raine the contra, or did he seem to understand

1 A. That's right.

2 Q. And what else was said other than to
3 Mr. Raine confirming your e-mail?

4 A. That there was an issue in the
5 financial transactions between us and them about
6 something on the order of \$120,000 issue of
7 obsolete inventory or something like that, and
8 that there was a concern of whether they were
9 actually going to receive the full amount or some
10 portion of that. And so during the call we -- I
11 told him, I said we can't confirm that that
12 \$120,000 is what the final agreeable amount would
13 be.

14 Q. Let me see if I understand this. When
15 you spoke with Mr. Raine, you confirmed he got
16 your e-mail.

17 A. Right.

18 Q. And then Mr. Raine brought up issue of
19 this obsolete inventory?

20 A. No. I don't think he brought it up. I
21 brought it up because it was part of the financial
22 assessment that they were expecting or Lextron was
23 expecting to get the full \$120,000 by the end of
24 the month. And that at this point, we couldn't
25 confirm yes or no -- all, any, or part of that.

1 it?

2 A. No. No. He seemed to understand it.
3 I mean, he -- You know, I asked him about the
4 letter. Did it meet his expectations, and he said
5 yes.

6 Q. That was your question?

7 A. Yeah.

8 Q. I interrupted you. I'm sorry. Let me
9 get a straight answer. You said Mr. Raine, have
10 you received my e-mail? He said yes, Mr. Graves,
11 I received your e-mail.

12 A. Yes.

13 Q. And you said, Mr. Raine, does it meet
14 your expectations, and he said, yes, Mr. Graves,
15 it does.

16 A. Yes.

17 Q. How long was that conversation?

18 A. Just a matter of a couple minutes.

19 Q. Did you tell Mr. Raine that someone had
20 ghostwritten that e-mail for you?

21 A. No.

22 Q. Did you tell him that many people had
23 input in the writing of that memo?

24 A. No.

25 Q. Which is a fact, was it not?

1 A. Yeah. Yes.
 2 Q. All right. How many people had their
 3 hands in that e-mail that purported to be from you
 4 to Mr. Raine?
 5 MR. EASON:
 6 Object to the form.
 7 MR. FREESE:
 8 I'm sorry. What's your objection?
 9 MR. EASON:
 10 Well, it was from him to Mr. Raine.
 11 MR. FREESE:
 12 Well, it was purported to be from him
 13 to Mr. Raine as author of the document.
 14 MR. EASON:
 15 That's right. You say purported to be.
 16 I'm objecting to the mischaracterization.
 17 MR. FREESE:
 18 It's a perfectly fact --
 19 MR. EASON:
 20 It in fact was from him to Mr. Raine.
 21 MR. FREESE:
 22 He didn't author it.
 23 Q. Let's go back to my question,
 24 Mr. Graves. How many people had their hands in
 25 writing that e-mail to Mr. Raine?

1 e-mail?
 2 A. The first draft that came to me said it
 3 was from Greg Naylor.
 4 (Exhibit 2 was marked.)
 5 MR. FREESE:
 6 Q. I'm going to show you what I've marked
 7 as Exhibit 2. I think I may have an extra copy
 8 here somewhere. Maybe I don't.
 9 All right. Mr. Graves, you see Exhibit
 10 2 is a two-page document, correct?
 11 A. Uh-huh.
 12 Q. Is that a "yes"?
 13 A. Yes.
 14 Q. And the first page is an e-mail
 15 entitled Memo Template for Lextron. Do you see
 16 that?
 17 A. Yes.
 18 Q. All right. And this is from Mr. Naylor
 19 to Ms. Everett, correct?
 20 A. Yes.
 21 Q. And copies yourself and Mr. Johnson?
 22 A. Yes.
 23 Q. This is at 3:14 p.m. on January 8th,
 24 2003.
 25 A. Yes.

1 A. That had input --
 2 Q. Yes, sir.
 3 A. -- prior to it? My understanding Greg
 4 Naylor, Martha Everett, Sid Johnson. As far as I
 5 know, that's about it.
 6 Q. How did Sid Johnson have input into it?
 7 A. He was traveling, and it's my
 8 understanding that he was the one who gave
 9 instructions that it needed to go out and that I
 10 needed to send it.
 11 Q. Okay. I remembered you say he was
 12 traveling so did someone e-mail a copy of this for
 13 his approval before you sent it to Mr. Raine?
 14 A. I don't know.
 15 Q. Do you know today whether or not
 16 Mr. Johnson approved that letter?
 17 A. He approved the letter going out, yes.
 18 Q. How do you know that?
 19 A. Because after the letter, he had said
 20 that he knew that it went out.
 21 Q. Did you have anything to do with any of
 22 the content of that e-mail?
 23 A. Yes.
 24 Q. And I'm going to ask you about that.
 25 Who was the author of the first draft of the

1 Q. And Mr. Naylor tells "M" who I assume
 2 is Martha or Marti.
 3 A. Yes.
 4 Q. "M, below is a draft of my 'generic'
 5 letter I was going to send to Andy Raine at
 6 SouthTrust Bank prior to your recommendation to
 7 hold off sending it. I still believe we need to
 8 communicate to the bank. . . We can put our heads
 9 together tomorrow to figure out our approach.
 10 Also, feel free to modify the letter as you see."
 11 Did I correctly read what Mr. Naylor's note was to
 12 Ms. Everett?
 13 A. Yes.
 14 Q. All right. She's a risk manager; is
 15 that right?
 16 A. Yes.
 17 Q. What does that mean? What does a risk
 18 manager do?
 19 A. She works for headquarters' staff and
 20 works issues regarding suppliers that could be in
 21 trouble.
 22 Q. Is one of her jobs to make sure that
 23 Delphi minimizes the risk to itself?
 24 A. Her objective is to make sure that we
 25 have suppliers that can deliver components.